

**PLYMOUTH COUNTY AREA  
SOLID WASTE AGENCY**

**Independent Auditors' Report**

**June 30, 2015 and 2014**

## PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

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## PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

### OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Loutsch	Board Member and Executive Board	Plymouth County
Rick Bohle	Board Member and Executive Board	City of Kingsley
Dennis Slota	Board Member and Executive Board	City of Remsen
Dick Kirchoff	Board Member and Executive Board	City of Le Mars
Tony Paskert	Board Member and Executive Board	Plymouth County
Keith Towns	Board Member	City of Hinton
Gabe Roetman	Board Member	City of Brunsville
Barry Cornish	Board Member	City of Craig
Donna Poulsen	Board Member	City of Oyens
Stuart Harris	Board Member	Plymouth County
Bruce Norgaard	Board Member	City of Merrill
Joe Vollmecke	Board Member	City of Struble
Don Dion	Board Member	City of Westfield



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Plymouth County Area Solid Waste Agency

### Report on Financial Statements

We have audited the accompanying financial statements of the Plymouth County Area Solid Waste Agency (the Agency), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 8 to the financial statements, Plymouth County Area Solid Waste Agency adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 and the Agency's proportionate share of the net pension liability pages 21 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plymouth County Area Solid Waste Agency's internal control over financial reporting and compliance.

*William Hapany, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
November 16, 2015

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Plymouth County Area Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The Agency's operating revenues decreased 11%, or \$92,721 from fiscal year 2014 to fiscal year 2015.
- The Agency's operating expenses increased 5%, or \$36,641 from fiscal year 2014 to fiscal year 2015.
- The Agency's net position decreased 6%, or \$99,103 from June 30, 2014 to June 30, 2015.

### USING THIS ANNUAL REPORT

The Plymouth County Area Solid Waste Agency is a special purpose government reported as a single business type activity and presents its financial statements using the economic resource measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to Plymouth County Area Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets, liabilities and deferred inflows and outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## FINANCIAL ANALYSIS OF THE AGENCY

### *Statement of Net Position*

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net position for fiscal year 2015 totaled \$1,499,886. This compares to \$1,716,383 for fiscal year 2014. A summary of the Agency's net position is presented below.

Net Position		
	Year Ended June 30,	
	2015	2014
Current assets	\$ 263,491	\$ 326,649
Restricted investments	819,058	802,826
Other long term assets	38,293	47,657
Capital assets at cost, less accumulated depreciation	1,496,888	1,539,858
Total assets	2,617,730	2,716,990
Deferred outflows of resources	36,103	-
Current liabilities	117,210	82,581
Long-term liabilities	996,297	918,026
Total liabilities	1,113,507	1,000,607
Deferred inflows of resources	40,440	-
Net position:		
Net Investment in capital assets	1,344,612	1,408,232
Restricted for Closure/Post Closure Costs	819,058	802,826
Unrestricted	(663,784)	(494,675)
Total net position	\$ 1,499,886	\$ 1,716,383

55% of the Agency's net asset position is restricted for closure and post closure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (89%, e.g., land, buildings and equipment), portion of net position are resources allocated to capital assets.

### *Statement of Revenues, Expenses and Changes in Net Position*

Operating revenues are received for hauling charges from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues consist of interest income. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and expenses for the years ended June 30, 2015 and June 30, 2014 is presented on the next page:

## Changes in Net Position

	Year Ended June 30,	
	2015	2014
<b>Operating Revenues</b>		
Assessments	\$ 189,175	\$ 189,175
#1 Materials (Transfer Station)	372,505	353,059
Construction & Demolition Materials	113,617	138,014
State Grant	-	51,515
Steel Sales	17,933	42,407
Other Operating Revenues	32,993	44,774
Total Operating Revenues	726,223	818,944
<b>Operating Expenses</b>		
Trucking Expense	7,928	6,846
Recycling Costs	258,362	240,898
Salaries and Wages	224,838	199,831
Employee Benefits	13,101	18,684
Utilities	15,161	11,005
Insurance	118,404	90,548
Board Expense	2,624	4,691
Office Expense	8,035	3,468
Professional Fees	11,100	20,728
Repairs and Maintenance	30,513	31,027
Fuel and Oil	34,908	66,435
Dirt	-	1,816
Other Operating Expenses	5,324	6,709
Depreciation	110,550	101,521
Total Operating Expenses	840,848	804,207
Operating Income (Loss)	(114,625)	14,737
<b>Non-Operating Revenues (Expenses)</b>		
Interest on Investments	18,419	20,238
Interest Expense	(2,897)	(1,267)
Total Non-Operating Revenues (Expenses)	15,522	18,971
Change in Net Position	(99,103)	33,708
Net Position Beginning of Year	1,716,383	1,682,675
Prior Period Adjustment	(117,394)	-
Net Position Beginning of Year, as restated	1,598,989	1,682,675
Net Position End of Year	\$ 1,499,886	\$ 1,716,383

### OPERATING REVENUES

In fiscal year 2015, operating revenues decreased by \$92,721 or 11%, operating expenses increased by \$36,641 or 5%. The changes in operating revenues and expenses are presented above.

### Statement of Cash Flows

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the purchase of capital assets. Cash provided by investing activities includes proceeds from the redemption of certificates of deposit.

## **CAPITAL ASSETS**

At June 30, 2015, the Agency had \$1,496,888 invested in capital assets, net of accumulated depreciation of \$1,172,669. Depreciation charges totaled \$110,550 for fiscal year 2015. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

## **LONG-TERM DEBT**

During the year ending June 30, 2015, the Agency borrowed an additional \$20,650 for completion of the RCC building. In July 2015, the Note was rewritten and termed out over 4 years. In addition, they have a zero-interest note payable for purchasing recycling blue totes. More detailed information about the Agency's long-term debt is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS**

Plymouth County Area Solid Waste Agency maintained its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.

The Agency anticipates the current fiscal year will be improved compared to the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Plymouth County Area Solid Waste Agency, 34898 150<sup>th</sup> St., Le Mars, Iowa 51031.

## ***FINANCIAL STATEMENTS***

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Net Position**  
**June 30, 2015 and 2014**

	2015	2014 (Not Restated)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 158,082	\$ 107,376
Investments	19,686	108,777
Receivables:		
Accounts Receivable	3,554	5,504
Accrued Interest	2,453	2,760
Due from Other Governments	64,218	76,770
Prepaid Insurance	15,498	25,462
Total Current Assets	<u>263,491</u>	<u>326,649</u>
<b>Long Term Assets</b>		
Restricted Assets:		
Temporary Cash Investments (Note 3)	819,058	802,826
Due from Other Governments-Recycle Totes	38,293	47,657
Land	30,000	30,000
Construction in Progress (Note 4)	-	279,678
Infrastructure, Property, and Equipment (Net of Accum. Depreciation) (Note 4)	1,466,888	1,230,180
Total Long Term Assets	<u>2,354,239</u>	<u>2,390,341</u>
Total Assets	<u>2,617,730</u>	<u>2,716,990</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	36,103	-
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable	35,463	41,160
Accrued Wages and Compensated Absences	10,325	10,351
Other Accrued Liabilities	6,939	4,163
Current Portion of Long Term Debt	36,777	-
Current Portion of Zero-Interest Loan Repayment	10,940	10,940
Accrued Interest	1,001	202
Unearned Revenue	15,765	15,765
Total Current Liabilities	<u>117,210</u>	<u>82,581</u>
<b>Long Term Liabilities</b>		
Net pension liability	106,038	-
Bank Notes Net of Current Portion (Note 7)	115,499	131,626
Zero-Interest Loan Net of Current Portion (Note 7)	4,760	16,400
Estimated Liability for Landfill Closure and Post closure Care Costs (Note 3)	770,000	770,000
Total Long Term Liabilities	<u>996,297</u>	<u>918,026</u>
Total Liabilities	<u>1,113,507</u>	<u>1,000,607</u>
<b>Deferred Inflows of resources</b>		
Pension related deferred inflows	40,440	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	1,344,612	1,408,232
Restricted for Closure/Post Closure Costs	819,058	802,826
Unrestricted	(663,784)	(494,675)
Total Net Position	<u>\$ 1,499,886</u>	<u>\$ 1,716,383</u>

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014 (Not Restated)
<b>OPERATING REVENUES</b>		
Assessments	\$ 189,175	\$ 189,175
#1 Materials (Transfer Station)	372,505	353,059
Construction & Demolition Materials	113,617	138,014
State Grant	-	51,515
Steel Sales	17,933	42,407
Other Operating Revenues	32,993	44,774
Total Operating Revenues	<u>726,223</u>	<u>818,944</u>
<b>OPERATING EXPENSES</b>		
Trucking Expense	7,928	6,846
Recycling Costs	258,362	240,898
Salaries and Wages	224,838	199,831
Employee Benefits	13,101	18,684
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Fuel and Oil	34,908	66,435
Dirt	-	1,816
Other Operating Expenses	5,324	6,709
Depreciation	110,550	101,521
Total Operating Expenses	<u>840,848</u>	<u>804,207</u>
Operating Income (Loss)	<u>(114,625)</u>	<u>14,737</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest on Investments	18,419	20,238
Interest Expense	(2,897)	(1,267)
Total Non-Operating Revenues (Expenses)	<u>15,522</u>	<u>18,971</u>
Change in Net Position	(99,103)	33,708
Net Position Beginning of Year	1,716,383	1,682,675
Prior Period Adjustment (Note 8)	(117,394)	-
Net Position Beginning of Year, as restated	<u>1,598,989</u>	<u>1,682,675</u>
Net Position End of Year	<u>\$ 1,499,886</u>	<u>\$ 1,716,383</u>

See Accompanying Notes to Financial Statements

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014 (Not Restated)
Cash Flows from Operating Activities:		
Cash Received from Assessments	\$ 189,175	\$ 189,175
Cash Received from Monthly Hauling Charges	394,421	353,405
Cash Received from Construction and Demolition Materials	115,567	138,014
Cash Received from Other Operating Receipts	50,926	96,929
Cash Received from Grant	-	32,800
Cash Paid to Suppliers for Goods and Services	(482,768)	(511,821)
Cash Paid to Employees for Services	(247,532)	(198,522)
Net Cash Provided used Operating Activities	<u>19,789</u>	<u>99,980</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Notes Payable	20,650	131,626
Principal Payments	(11,640)	(10,940)
Interest Payments	(2,098)	(1,065)
Purchase of Capital Assets	(67,580)	(390,699)
Net Cash (Used) by Capital and Related Financing Activities	<u>(60,668)</u>	<u>(271,078)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(18,330)	(19,279)
Proceeds from the Sale of Investments	91,189	85,144
Interest Received	18,726	20,311
Net Cash Provided by Investing Activities	<u>91,585</u>	<u>86,176</u>
Net Increase (Decrease) in Cash and Cash Equivalents	50,706	(84,922)
Cash and Cash Equivalents Beginning of Year	<u>107,376</u>	<u>192,298</u>
Cash and Cash Equivalents End of Year	<u><u>158,082</u></u>	<u><u>107,376</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided used Operating Activities:		
Operating Income (Loss)	(114,625)	14,737
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	110,550	101,521
(Increase) Decrease in Assets:		
Accounts Receivable	1,950	223
Due from Other Governments	12,552	(18,367)
Due from Other Governments-Totes	9,364	9,523
Prepaid Insurance	9,964	(5,203)
Increase (Decrease) in Liabilities:		
Accounts Payable	(5,697)	(3,762)
Accrued Wages and Compensated Absences	(26)	1,196
Other Accrued Liabilities	2,776	112
Net Pension Liability	(11,356)	-
Deferred Inflows and Outflows	4,337	-
Total Adjustments	<u>134,414</u>	<u>85,243</u>
Net Cash Provided by Operating Activities	<u><u>\$ 19,789</u></u>	<u><u>\$ 99,980</u></u>

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 1 -      Summary of Significant Accounting Policies**

Plymouth County Area Solid Waste Agency was formed in 1973 pursuant to the provisions of Chapter 28F of the Code of Iowa. The purpose of the Plymouth County Area Solid Waste Agency is to operate the sanitary landfill in Plymouth County, Iowa, for use by all the municipalities therein, except Akron.

The Plymouth County Area Solid Waste Agency is composed of one representative of each of the ten member cities and five representatives from Plymouth County. The member cities are: Brunsville, Craig, Hinton, Kingsley, Le Mars, Merrill, Oyens, Remsen, Struble and Westfield.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

The accounts for the Agency are organized as a special purpose government reported as a business type activity. Business type activities are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**C. Measurement Focus and Basis of Accounting**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 1 - Summary of Significant Accounting Policies – (Continued)**

**D. Assets, Liabilities and Net Investments**

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments and Cash Equivalents – The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have an original maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2015 and 2014 include unrestricted certificates of deposit of \$19,686 and \$108,777, and restricted certificates of deposit of \$819,058 and \$802,826, respectively.

Restricted Investments – Funds set aside for payment of closure and post closure care costs are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of \$1,000.

Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

Compensated Absences – The Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2015 and 2014.

**Note 2 - Cash and Investments**

The Agency's deposits (demand deposits and certificates) at June 30, 2015 and 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency's investments consist only of certificates of deposits which are stated at cost.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**Note 2 - Cash and Investments – (Continued)**

of the Agency's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1 – 5 Years
Certificates of Deposits	\$838,744	\$19,686	\$ 819,058

**Note 3 - Closure and Post Closure Care Costs**

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post closure plan and to provide funding necessary to effect closure and post closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Plymouth County Area Solid Waste Agency have been estimated at \$770,000 and \$770,000 as of June 30, 2015 and 2014, and the entire liability has been recognized. This is based on what it would cost to perform all closure and post closure care during the years ended June 30, 2015 and 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of June 30, 2015, the estimated remaining life of the landfill is approximately 95 years. The percentage of landfill capacity used at June 30, 2015 was 34%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2015 and 2014, assets of \$819,058 and \$802,826, respectively, are restricted for these purposes, of which \$165,177 and \$161,939, respectively, is for closure and \$653,881 and \$640,887, respectively, is for post closure care. They are reported as restricted investments and restricted net position on the Statement of Net Position. At June 30, 2015, the Agency has demonstrated financial assurance for closure and post closure care by depositing sufficient amounts in the dedicated fund.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**Note 4 - Capital Assets**

A summary of capital assets at June 30, 2015 and 2014 as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in Process	279,678	12,556	292,234	-
	309,678	12,556	292,234	30,000
Capital Assets being depreciated:				
Buildings and Improvements	1,054,634	292,234	-	1,346,869
Equipment and Vehicles	1,248,058	104,549	69,918	1,282,689
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,312,692	396,784	69,918	2,639,557
Less accumulated depreciation for:				
Buildings and Improvements	518,577	33,827	-	552,518
Equipment and Vehicles	559,720	76,622	20,392	615,951
Infrastructure	4,100	100	-	4,200
Total accumulated depreciation	1,082,512	110,550	20,392	1,172,669
Total capital assets being depreciated, net	1,230,180	286,234	49,526	1,466,888
Total capital assets, net	\$ 1,539,858	\$ 298,790	\$ 34,760	\$ 1,496,888
	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in Process	10,000	269,678	-	279,678
	40,000	269,678	-	309,678
Capital Assets being depreciated:				
Buildings and Improvements	969,688	84,947	-	1,054,634
Equipment and Vehicles	1,211,984	36,074	-	1,248,058
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,191,671	121,021	-	2,312,692
Less accumulated depreciation for:				
Buildings and Improvements	489,544	29,033	-	518,577
Equipment and Vehicles	487,447	72,388	-	559,835
Infrastructure	4,000	100	-	4,100
Total accumulated depreciation	980,991	101,521	-	1,082,512
Total capital assets being depreciated, net	1,210,680	19,615	-	1,230,180
Total capital assets, net	\$ 1,250,680	\$ 289,079	\$ -	\$ 1,539,858

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 5 - Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its fund at the time of payment to the risk pool. The Agency's contributions to the Pool for the year ended June 30, 2015 was \$11,863 and for the year ended June 30, 2014 was \$13,455.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by The Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 5 - Risk Management (Continued)**

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$15,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 6 - Pension and Retirement Benefits**

*Plan description* – IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits**

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

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**Note 6 - Pension and Retirement Benefits (Continued)**

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Contributions**

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Agency contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the Agency contributed 10.14 percent for a total rate of 16.80 percent.

The Agency's total contributions to IPERS for the year ended June 30, 2015 were \$17,855.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the Agency reported a liability of \$106,038 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Agency's collective proportion was .0026737 percent, which was an increase of .000357 from its proportion measured as of June 30, 2013.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**Note 6 - Pension and Retirement Benefits (Continued)**

For the year ended June 30, 2015, the Agency recognized pension expense of \$8,605. At June 30, 2015 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,152	\$ -
Changes of assumptions	4,680	-
Net difference between projected and actual earnings on pension plan investments	-	40,440
Changes in proportion and differences between Agency contributions and proportionate share of contributions	12,416	-
Agency contributions subsequent to the measurement date	17,855	-
<b>Total</b>	<b>\$ 36,103</b>	<b>\$ 40,440</b>

\$17,855 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	
2016	\$ (5,846)
2017	(5,846)
2018	(5,846)
2019	(5,846)
2020	1,194
	<u>\$ (22,192)</u>

There were no non-employer contributing entities at IPERS.

*Actuarial assumptions* – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Rates of Salary Increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment Rate of Return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**Note 6 - Pension and Retirement Benefits (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	2.3%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

*Discount rate* – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Agency's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

	<b>1% Decrease 6.5%</b>	<b>Discount Rate 7.5%</b>	<b>1% Increase 8.5%</b>
Agency's proportionate share of the net Pension liability	\$ 200,356	\$ 106,038	\$ 26,424

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to the pension plan**

At June 30, 2015, the Agency reported payables to the defined benefit pension plan of \$2,688 for legally required employer contributions and \$1,622 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**Note 7 - Changes in Long-Term Liabilities**

Bank Notes

During the year ended June 30, 2014, the Agency financed the new RCC building and cell expansion with a note from Kingsley State Bank. The agreement was interest only with draws for 1 year then payments of principal and interest for 4 years at 2%. In July of 2015, the note was rewritten and will make monthly payments of principal and interest for 4 years at 2.3%.

During the year ended June 30, 2013, the Agency received a grant to purchase recycling totes which were distributed to the citizens of Plymouth County. The total grant received was \$63,750 of which \$20,000 was received as a forgivable loan. The remaining \$43,750 is a zero-interest loan to be repaid in quarterly installments of \$2,735 for four years. The balance as of June 30, 2015 is \$15,700.

Year Ending June 30	Principal	Principal
2016	\$ 10,940	\$ 36,777
2017	4,760	37,632
2018	-	38,508
2019	-	39,359
Total	\$ 15,700	\$ 152,276

**Note 8 – Accounting Change / Restatement**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for the Agency were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<b>Governmental Activities</b>
Net Position June 30, 2014, as previously reported	\$ 1,716,383
Net Pension Liability at June 30, 2014	(133,018)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	15,624
Net Position July 1, 2014, as restated	<u>\$ 1,598,989</u>

***Required Supplementary Information***

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR\***  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>2015</u>
Agency's proportion of the net pension liability	.0026737%
Agency's proportionate share of the net pension liability	\$ 106,038
Agency's covered-employee payroll	\$ 197,240
Agency's proportionate share of the net pension liability as a percentage of its covered employee payroll	53.76%
Plan fiduciary net pension as a percentage of the total pension liability	87.61%

\*The amounts presented for each fiscal year were determined as of June 30.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY  
SCHEDULE OF THE AGENCY'S CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN YEARS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 17,855	\$ 14,718	\$ 13,585	\$ 11,949	\$ 10,541
Contributions in relation to the statutorily required contribution	(17,855)	(14,718)	(13,585)	(11,949)	(10,541)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered employee payroll	\$ 199,984	\$ 176,854	\$ 156,690	\$ 148,067	\$ 151,669
Contributions as a percentage of covered-employee payroll	8.93%	8.32%	8.67%	8.07%	6.95%

	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 9,733	\$ 9,208	\$ 8,890	\$ 6,132	\$ 5,479
Contributions in relation to the statutorily required contribution	(9,733)	(9,208)	(8,890)	(6,132)	(5,479)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered employee payroll	\$ 146,361	\$ 145,008	\$ 146,942	\$ 106,643	\$ 95,287
Contributions as a percentage of covered-employee payroll	6.65%	6.35%	6.05%	5.75%	5.75%

See accompanying independent auditors' report

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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**Changes of Benefit Terms:**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

**Changes of Assumptions**

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –  
PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2015**

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The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Plymouth County Area Solid Waste Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Plymouth County Area Solid Waste Agency (the Agency), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 16, 2015

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as items II-A-15 and II-B-15 in the accompanying Schedule of Findings to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Agency's operation for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Plymouth County Area Solid Waste Agency's Response to Findings**

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
November 16, 2015

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY**  
**Schedule of Findings**  
**For the Year Ended June 30, 2015**

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**Part I: Summary of the Independent Auditor's Results**

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

**Part II: Finding Related to the Financial Statements:**

**INSTANCE OF NON-COMPLIANCE:**

No matters were noted

**MATERIAL WEAKNESSES:**

**II-A-15 Financial Accounting - Segregation of Duties** – An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas for the Agency:

- (1) Accounting System – record keeping for revenues and expenses, and
- (2) Receipts – collecting, depositing, journalizing and posting.
- (3) Payroll – changes to master list, preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the manager review receipts, posting, and payroll on a test basis.

Conclusion - Response accepted.

**II-B-15 Financial Reporting** - During the audit, we identified material amounts of receivables, payables, accruals and capital asset additions not recorded in the Agency's financial statements. Adjustments were subsequently made by the Agency to properly include these amounts in the financial statements.

Recommendation - The Agency should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the Agency's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables or capital asset transactions.

Conclusion - Response accepted.

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**Part III: Other Findings Related to Statutory Reporting**

- III-A-15      Questionable Expenses** – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-B-15      Travel Expense** – No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- III-C-15      Board Minutes** – No transactions were found that we believe should have been approved in the Agency minutes but were not.
- III-D-15      Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.
- III-E-15      Financial Assurance** – The Agency has demonstrated financial assurance for closure and postclosure care costs as required by Chapter 567-113.14(6) of the Iowa Administrative Code.
- III-F-15      Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.